

China Business Weekly

7 November 2023



FCCC ACTIVITIES

In-person event: China's Unique 'Recession'
16 November 2023 – 17h30 – KBC Bank – Ghent



The **Flanders-China Chamber of Commerce** and **KBC Group** – with the support of Flanders Investment & Trade – are organizing an in-person event which will take place on **November 16, 2023 at 17h30 CET**, at the KBC Arteveldestoren, Maaltekouter, 9051 Gent.

Our distinguished speaker, Mr. **Hans Dewachter**, Chief Economist, KBC Group, will deliver a speech focussing on "China's Unique Recession".

China may not be in a technical recession, but the real estate crisis, which is compounding the problem of a highly indebted household sector with limited appetite for consumption, has kicked up fears of a balance sheet recession. The usual policy prescription for a balance sheet recession - stronger fiscal stimulus to counter private sector deleveraging - requires nuance in China's case. With China's SOEs and local government financing vehicles (LGFVs) already over-indebted, appropriate fiscal stimulus needs to come from the central government, and needs to target the household sector and private enterprises. The government does have the tools to mitigate spillovers from the real estate sector, but the question remains of whether or not they will follow through.

The programme is as follows:

17h30-18h00: Registration

18h00-18h10: Welcome address by Ms. **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

18h10-19h00: Keynote speech by Mr. **Hans Dewachter**, Chief Economist, KBC Group

19h00-19h15: Q&A Session

19h15-20h30: Networking reception

Practical information:

Date and time: November 16, 2023, 17h30 - 20h30

Location: KBC Arteveldestoren, Maaltekouter, 9051 Gent.

Price for Members: Free of charge **Price for Non-members:** €65 excl. 21% VAT (€13.65)

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The 9th Europe Forum 2023 – 14 November 2023 – Brussels



The China Europe International Business School, the EU-China Business Association and the China Chamber of Commerce to the EU have the pleasure to invite you to join us on November 14, 2023, in Brussels for the CEIBS Insights 9th Europe Forum on the theme of **Mutual Trust and Win-Win: Toward Another 20 years of EU-China Economic Cooperation**.

The comprehensive strategic partnership between the European Union (EU) and China turns 20 this year. Over the past two decades the EU and China, two of the world's leading economies, have engaged in mutually beneficial cooperation in a win-win manner and achieved significant success in fields such as politics, economy, culture, and science. As of the end of 2022, the EU-China bilateral trade volume reached USD847.3 billion, with each side the second-largest trading partner of the other. The stock of two-way investment between China and the EU has exceeded USD230 billion, benefiting people on both sides and contributing greatly to world peace and economic prosperity.

Looking ahead, the two sides hold great potential for cooperation and share common interests in promoting economic growth and financial stability, coping with the energy crisis, curbing inflation, and pursuing green and digital transitions. As such, they have decided to set up a financial working group under the China-EU High-Level Economic and Trade Dialogue (HED) mechanism to strengthen cooperation in financial areas such as financial liberalization, infrastructure, and regulation, as well as sustainable finance and fintech. However, some tension does exist within the relationship – EU authorities have recently opened an anti-subsidy investigation into Chinese electric car imports, for example.

The China Europe International Business School (CEIBS) is a global business school jointly founded by the Chinese government and the EU in 1994. It represents a major success in China's opening up and cooperation with the EU in the field of education. With our 30th anniversary around the corner, CEIBS has decided to return to Brussels to hold our 9th Europe Forum and invite guests from the EU and China's political, business, and academic sectors to analyze the journey of the China-EU Comprehensive Strategic Partnership over the past 20 years, envision the prospects for extensive cooperation between the two sides over the coming 20 years, and explore a path towards a stable and far-reaching China-EU relationship amid changing times.

Agenda

Host: **Dominique Turpin**, President (European) & Professor of Marketing, CEIBS

09:00-09:30 Check-in & Networking

09:30-09:40 Welcome Addresses by **Wang Hong**, President & Professor of Management, CEIBS and **Gwenn Sonck**, Executive Director, EU-China Business Association

09:40-09:50 Keynote Speech 1: **Fu Cong**, Ambassador of the Mission of the People's Republic of China to the European Union

09:50-10:00 Keynote Speech 2: **Jorge Toledo**, Ambassador of the European Union to China

10:00-10:50 Panel Discussion 1: **Creating Stronger EU-China Economic Ties**

Moderator: **Dominique Turpin**, President (European) & Professor of Marketing, CEIBS

Panellists:

- **Luisa Santos**, Deputy Director General, Business Europe

- **Davide Cucino**, President Emeritus, European Union Chamber of Commerce in China
- **Xu Lin**, General Director of Department of Fiscal and Financial Affairs, National Development and Reform Commission
- **Rui Meng**, Professor of Finance and Accounting; Parkland Chair in Finance, CEIBS

10:50-11:40 Panel Discussion 2: **Climate Change Challenges and EU-China Green Energy Cooperation Opportunities**

Moderator: **Ivan Hodac**, Founder and President, Aspen Institute Central Europe

Panellists:

- **Jos Delbeke**, Former Director-General of the European Commission's DG Climate Action
- **Li Junfeng**, Founding Director, National Center for Climate Change Strategy; Executive Director, China Energy Research Association
- **Gabrielle Gauthey**, High Representative of the Chairman and CEO to the European Institutions & SVP of European Affairs, Total Energies
- **Kong Manqing**, Chairperson, Shanghai TELD New Energy Co., Ltd; CEIBS Alumna

11:40-12:00 **Closing Keynote Speech** by **Pascal Lamy**, Former DG of WTO; Distinguished Professor, CEIBS; Vice-President of the Paris Peace Forum; Coordinator of the Jacques delors Think Tanks (Paris, Berlin, Brussels); Former Trade Commissioner (European Commission)

12:00-12:10 **Closing Remarks** by

- **Eric Cornuel**, President of EFMD; Member of CEIBS Board of Directors
- **Xu Chen**, Chairman, China Chamber of Commerce to the EU

* Speakers are subject to change

Event Details

Date: Tuesday, November 14, 2023

Time: 09:00-12:10 (Brussels time)

Venue: Townhall Europe, Square de Meeûs 5-6, 1000 Brussels

Language: English and Chinese (with simultaneous translation)

Contact: For more information, please contact Vittoria HUANG at hvittoria@ceibs.edu

Subscription is free of charge

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ACTIVITIES SUPPORTED BY FCCC

China International Supply Chain Expo – 28 November – 2 December 2023 – Beijing



Organized by CCPIT, CISCE 2023 will be held in Beijing from November 28 to December 2 this year with the theme of “Improve the performance of Global Supply Chain, Promote World Economic Recovery”. As the world's first national comprehensive professional expo on the theme of the supply chain, CISCE 2023 will focus on strengthening international cooperation in the industrial chain and the supply chain, enhancing the resilience and stability of the global supply chain, jointly exploring new solutions to maintain the security, stability, and unimpeded global industrial chain and supply chain. It will gather broad common consensus, expand open cooperation, seek mutual benefits and a win-win situation, and promote world economic growth.

The CISCE focuses on five major areas: Smart Vehicle, Green Energy, Green Agriculture, Digital Technology, and Health Care. The exhibition and forum will be organized at the same time.

Unlike traditional expos, the CISCE is an open international platform that integrates the upstream, midstream, and downstream sectors, connects small, medium, and large enterprises, promotes industry, academia, and research collaboration, and facilitates interactions between Chinese and foreign enterprises. Regarding the latest information on CISCE, the specific agenda has not been released yet.

You can visit the expo website at <https://en.cisce.org.cn/>.

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FOREIGN TRADE

Premier Li Qiang opens China International Import Expo (CIIE) in Shanghai



Chinese Premier Li Qiang opened the 6th China International Import Expo (CIIE) on November 5 in Shanghai. In a congratulatory letter, President Xi Jinping said that China will always provide important opportunities for global development, and the nation will remain committed to high-level opening-up and driving economic globalization in a more open, inclusive, balanced and win-win direction. He also emphasized the need for various nations to stand in solidarity and jointly seek development amid the sluggish global economic recovery. The CIIE, first held in 2018, serves as a platform for international procurement, investment promotion, people-to-people exchanges and open cooperation, which has contributed to

fostering a new development pattern and global economic growth, Xi noted. The Expo should fully amplify its role as a platform for facilitating high-level opening-up, make the Chinese market a major one shared by the world, further provide shared international public goods and services, and facilitate the building of an open global economy, so that the whole world can benefit from win-win cooperation, Xi said.

In his keynote speech at the opening of the Expo, Premier Li Qiang reiterated Beijing's commitment to advancing opening-up with greater market opportunities, proactively expanding imports and further creating immense dividends for the world by putting in place negative lists for cross-border trade in services. China's imports of goods and services are expected to reach a cumulative USD17 trillion in the next five years, he said. China's rules will better align with international ones and China will develop more high-level opening-up platforms such as pilot free trade zones (FTZs) and the Hainan Free Trade Port, he said. He repeated China's readiness to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Digital Economy Partnership Agreement (DEPA) as part of broader efforts to widen market access and protect the legitimate interests of foreign investors. Li pledged to advance opening-up with greater impetus on innovation. Beijing will firmly uphold the authority and effectiveness of the multilateral trading system, fully participate in the reform of the World Trade Organization (WTO), and firmly promote the stability of global industrial and supply chains, he added.

The Expo's opening ceremony brought together about 1,500 representatives from 154 countries, regions and international organizations. The Premier met separately in Shanghai with Cuban Prime Minister Manuel Marrero Cruz, Serbian Prime Minister Ana Brnabic and Kazakh Prime Minister Alikhan Smailov, who were among leaders attending the ceremony. Rebeca Grynspan, Secretary General of the United Nations Conference on Trade and Development (UNCTAD), said: "As President Xi has said, development is not a zero-sum game. One nation's success does not mean another's downfall. In a multipolar world, healthy competition, trade based on internationally agreed rules and greater cooperation must be the way forward". The CIIE is a powerful and well-established platform and a symbol of China's commitment to balanced trade relations with the rest of the world, especially with developing countries and small and medium-sized enterprises, she added.

The CIIE is the world's first national-level exposition dedicated to imports, with 3,400 exhibitors participating this year. The U.S. has sent an official delegation for the first time. The American Chamber of Commerce (AmCham) is co-hosting the American Food and Agriculture Pavilion with the U.S. Department of Agriculture. The pavilion features 17 exhibitors showcasing the best in American agricultural products, ranging from meat, almonds and cheese to wine and health supplements, according to AmCham Shanghai. It showcases agricultural produce and technology from the U.S. states of California, Idaho and Georgia. The U.S. Heartland China Association sent a group of mayors from 20 inland U.S. states to explore trade opportunities.

Australian Prime Minister Anthony Albanese led a delegation to participate and visit the booths of Australian companies. The number of Japanese companies participating in the exhibition is more than three times that of last year. China's imports have maintained sound momentum, with import volume expanding quarter by quarter this year. China has been the world's second-largest import market for 14 consecutive years. The previous five CIIEs have attracted over two million registered visitors, 131 countries and international organizations, and more than 15,000 companies. Over 2,000 new products, new technologies and new services were unveiled at previous CIIEs, and close to USD350 billion worth of tentative deals were reached.

China will step up efforts to develop future industries and cutting-edge technologies, in order to offer greater vitality for global industrial development and economic growth, government officials, company executives and industry experts said at a session of the Hongqiao International Economic Forum during the sixth CIIE. The session focused on future industries such as artificial intelligence (AI), humanoid robots and the industrial internet. Xin Guobin, Vice Minister of Industry and Information Technology, said China will promote the research and development (R&D) of cutting-edge technologies to create a global innovation collaboration circle. He emphasized that more efforts will also be made to upgrade traditional industries, especially the integration of AI and the metaverse with manufacturing. "China welcomes global partners, including international R&D institutions, to jointly promote new technological breakthroughs and create a global source of innovation," Xin said.

An additional 36,000 point of sale (POS) machines were installed or upgraded in Shanghai to enhance its payment service and better serve the Expo. They accept domestic and overseas credit/debit cards to make payments easier for visitors. The machines will cover tourist destinations, communities with foreign residents, shopping venues and transportation hubs. "Over 90% of the urban area will see the installation of such POS machines," said a government statement. The People's Bank of China (PBOC) said digital payment services are to be enhanced to allow foreign-registered handsets or e-wallet accounts to be used for payments in China.

Meanwhile in Guangzhou, the 134th edition of the China Import and Export Fair, also known as the Canton Fair, closed on November 4. The event has been held each spring and autumn since 1957. Use of the Chinese yuan has gained in popularity among overseas buyers, but export orders failed to meet expectations of beating pre-pandemic levels. Organizers said close to **198,000 overseas buyers attended the 21-day fair, up 6.4% from the pre-pandemic autumn session of 2019.** Export deals worth USD22.3 billion were recorded, a modest 2.8% more than in the spring session in April-May but still nearly USD7 billion less than in the pre-Covid edition. China's export growth dropped for the fifth straight month in September but at a much slower pace, as the overall economy bounced back in the third quarter.

This overview is based on reports by the China Daily and the Global Times.

FINANCE

Competitiveness of financial sector to be strengthened, as Central Financial Work Conference is held again after five years



China will enhance efforts to build a strong and efficient financial industry, which will empower the country's high-quality growth and modernization drive after the Central Financial Work Conference stressed the strategic importance of the sector. The conference, which concluded on October 31, outlined steps to build up the country's financial competitiveness, signaled more efforts to optimize financial supervision to prevent and defuse risks, and will boost market confidence, experts said, adding that more detail-oriented policy measures and tools are expected to be announced. President Xi Jinping delivered key remarks at the two-day conference, laying out plans for the financial sector. The gathering of top financial policymakers came after China reshaped its financial regulatory architecture earlier this year. The country currently faces growing global geopolitical uncertainties and a tepid economic recovery, which are intertwined with government debt issues and a sluggish property market after three years of the Covid-19 pandemic.

"China must build a strong and efficient enough financial industry to ensure the financial stability and high-quality development. That, to some point, will determine the outlook and global competitiveness of the Chinese economy over the next decades," said Zhang Yansheng, Chief Researcher at the China Center for International Economic Exchanges. He advocated reforms and opening-up in the financial sector and the decisive role of market forces in allocating financial resources, which he said were crucial to boosting the high-quality development. Noting that finance is the lifeblood of the national economy, conference participants said that problems including low efficiency, hidden economic and financial risks, and a relatively weak supervisory and governance capacity need to be solved. The meeting called for vigorous efforts to create a sound monetary and financial environment, while stepping up quality financial services for major strategies, key areas and weak links. It said that a prudent monetary policy should be maintained, and called for a greater focus on cross-cyclical and counter-cyclical adjustments and developing monetary policy tools.

Chen Daofu, Deputy Director of the Research Institute of Finance, which is part of the Development Research Center of the State Council, said the meeting sent a signal that efforts will likely be accelerated to develop a modern finance system with Chinese characteristics, where market-oriented and law-based reforms will be advocated. He expects that new structural monetary tools are likely to be launched so that **more financial resources** can flow into the areas of **technological innovation, advanced manufacturing, green development and SMEs**. Liu Xiaochun, Vice President of the Shanghai Finance Institute, pointed out that the meeting called for developing finance for science and technology, green finance, inclusive finance, pension finance and digital finance. Those areas are key for China to pursue high-quality economic development and switch to a new growth model, Liu said.

As of the end of September, outstanding yuan-denominated loans issued by financial institutions totaled CNY234.59 trillion, up 10.9% year-on-year. Loans to sectors including green development, science and innovative enterprises, and inclusive finance increased relatively fast. Chang Haizhong, Executive Director of Corporates at rating agency Fitch Bohua, said the central bank may further encourage banks to increase credit or loans flowing to these areas. The meeting also emphasized the need to comprehensively strengthen financial supervision and effectively forestall and defuse financial risks, including efforts to "optimize the debt structure of the central and local governments" and "promote the virtuous development cycle between the financial and the property sectors". Zhang Ming, Deputy Director of the Institute of Finance and Banking at the Chinese Academy of Social Sciences (CASS), said that local governments are expected to avoid issuing large-scale debts to finance economic growth, and financing for public welfare projects with a large capital scale, slow turnover and low investment returns will become more rational in order to avoid risks.

The Central Financial Work Conference made it clear three categories of projects **will be prioritized in the development of property finance**. They are **projects mainly meeting inelastic demand, projects for improved living requirements and government-subsidized projects**. The conference said each city should make good use of its local policy tools to meet inelastic demand as well as demand for improved housing. Government-subsidized housing should be built at an accelerated pace so as to create a new development model for the real estate market.

A report from the People's Bank of China (PBOC) stated that the decline in China's real estate loans appears to have stabilized as of the end of September as it stayed at the level of August. The outstanding value of China's yuan-denominated real estate loans edged down 0.2% year-on-year to CNY53.19 trillion by the end of the third quarter this year, PBOC data showed, as reported by the China Daily.

FOREIGN INVESTMENT

Foreign companies encouraged to invest in newly-established Xinjiang FTZ



The China (Xinjiang) Pilot Free Trade Zone (FTZ) was officially established on November 1, becoming the first such zone in China's northwest border region and the 22nd pilot FTZ in the country. The new pilot FTZ is expected to make Xinjiang a model for promoting high-quality development in the central and western regions. Foreign-funded enterprises are encouraged to invest in the region, where they will have equal access to industrial and regional development policies, Guo Tingting, Vice Minister of Commerce, said. "Foreign financial institutions will be supported in setting up banking, insurance, securities and other financial institutions in the Xinjiang pilot FTZ to provide international and diversified financial products and services," Guo said. Analysts said that in the past decade, Xinjiang's construction lagged behind the domestic average, which means that there is huge space to make up for shortcomings. According to a report by the China Council for the Promotion of International Trade (CCPIT), more than half of the surveyed foreign-funded enterprises that intend to increase investment in China are considering to raise capital in the western region.

There is also large scope for infrastructure exchanges between Xinjiang and the five Central Asian countries. The Xinjiang FTZ will strengthen the construction for the China-Europe Railway Express, and speed up the development of railway and highway multimodal transport among China, Kyrgyzstan and Uzbekistan. The FTZ will also explore new ways to develop China-Pakistan transport cooperation, Li Xuan, Deputy Director of Xinjiang's Commerce Department, said. Xinjiang has 18 national ports open to the outside world, 118 international road transport lines, 23 China-Europe Railway Express routes, 33 international air routes, three West-East gas pipelines, 26 cross-border optical cables and two outbound electricity transmission channels. The Xinjiang FTZ should speed up the Customs clearance time, and make other support services more convenient. "We used the outbound China-Europe Railway Express routes through Inner Mongolia, but now we are considering using the route through Xinjiang. After all, the Xinjiang route passes through more countries and reaches more destinations," Yiwu-based logistics agent surnamed Yu told the Global Times. The company's cargo transport service by truck goes through Xinjiang's Alashankou Port. Enhanced

infrastructure connectivity will turn Xinjiang into a key transportation, trade, logistics, culture, science and education center. Xinjiang is also a core area on the Silk Road Economic Belt, which is part of the China-proposed Belt and Road Initiative (BRI).

"Xinjiang is at the forefront of China's westward opening-up and a major node of the China-Europe Railway Express. Xinjiang is also the province that has the largest number of neighboring countries," said Bai Ming, Deputy Director of the International Market Research Institute at the Chinese Academy of International Trade and Economic Cooperation. Bai noted that the construction of the FTZ can also benefit local industries. According to MOFCOM, the Xinjiang FTZ will vigorously develop the garment and other textile industries, and build a national high-quality cotton yarn production base. The FTZ will improve the standardization and scale of the processing industry for forest fruits, wine, dairy products and other specialty foods, the Global Times reports.

The South China Morning Post adds that the focus of the FTZ will be on "innovative" and "labor-intensive" manufacturing industries in three areas: Kashgar, Khorgos and the capital city of Urumqi. In the pilot scheme, Urumqi is being designated an international trade and logistics hub, while Kashgar will focus on "labor-intensive industries" such as agricultural-products processing and the manufacture of garments and electronic components. Khorgos, on the border with Kazakhstan, will be a cross-border trade port and a hub for medicine manufacturing and the digital economy. Xinjiang will build more data and computing centers to play a proactive role in the national initiative of "Eastern Data and Western Computing" which aims to channel more computing resources from China's economy-driving eastern regions to less-developed western regions. "The shifting of data-related industries to Xinjiang should be sped up," according to the plan. Meanwhile, Xinjiang will continue to develop its traditional industries, including manufacturing of solar panels and agricultural staples such as cotton.

Xinjiang's exports jumped 48.8% to CNY213 billion in the first nine months, while its imports expanded by 40% to CNY40 billion. In recent years, electric vehicles, lithium batteries and solar cells have replaced electro-mechanical products, apparel, shoes and hats as Xinjiang's main exports.

Xinjiang has become a geopolitical sore spot between China and Western countries. The U.S. and the European Union have launched sanctions and export controls on the region following accusations of human rights abuses that Beijing has denied. The announcement of the pilot FTZ shows how Xinjiang is adapting, with greater emphasis placed on the region's geographical advantage – notably its shared border with eight countries, including Russia, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan and Pakistan, all of which are part of the Belt and Road Initiative (BRI).

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CHINA NEWS ROUND-UP

China to promote emerging and future industries

China will foster “emerging and future industries” to drive growth. In an interview with CCTV, Industry and Information Technology Minister Jin Zhuanglong called for more research in “future industries” such as artificial intelligence (AI). Jin, a top aerospace specialist, said **AI could empower a new wave of industrialization**, with potential applications in industry, manufacturing and medicine. “Humanoid robots and the metaverse are also key to a future new round of technological revolution and industrial transformation,” he said. “The Ministry supports local governments in implementing pilot projects and formulating industrial policies,” Minister Jin said. With declines in old sources of growth such as property, China is looking for new ways to expand the economy and counter Western efforts to constrain its progress in hi-tech. This includes overhauling its export sector to focus on new-energy products such as electric vehicles, lithium-ion and solar batteries. China is also making progress in advanced manufacturing with the delivery of the country’s first domestically produced cruise liner Adora Magic City on November 4.

In the CCTV interview, Jin also said he was confident that the industrial economy would continue to recover this year. China’s manufacturing activity contracted last month, with the official manufacturing purchasing managers’ index (PMI) falling to 49.5 in October, down from 50.2 in September, according to the National Bureau of Statistics (NBS). The result was below market expectations as some economists had forecast activity to stay in the expansionary range.

National Development and Reform Commission (NDRC) Chairman Zheng Shanjie echoed Jin’s call on future industries. “We will aim to open up new areas and tracks for development in the next step,” Zheng said in a separate interview. “We will actively cultivate emerging and future industries to create new engines and strengths for development.” Zheng said key areas included integrated circuits and new-energy vehicles (NEVs). “We will be forward-looking and strategic in planning future industries,” he said, as reported by the South China Morning Post.

Chinese scientists create AI chips 3,000 times faster than Nvidia’s A100

Chinese scientists have produced a chip that is significantly faster and more energy-efficient than current high-performance AI chips for some tasks such as image recognition and autonomous driving, according to a new study. Although the new chip cannot immediately

replace those used in devices such as computers or smartphones, it may soon be used in wearable devices, electric cars or smart factories, and help boost China’s competitiveness in the mass application of artificial intelligence (AI), researchers wrote in a paper published in the journal Nature. The country is scrambling to catch up in the AI race with the United States after Washington introduced a series of curbs on China’s access to technology, including advanced chips. The new chip – known as **the All-Analogue Chip Combining Electronics and Light (ACCEL) – is light-based and uses photons** for computing and transmitting information to achieve a faster computing speed.

The idea of a light-based chip is not new, but the chips currently in use rely on electric current for calculation because photons are more challenging to control. In a laboratory test, the new chip reached a computing speed of 4.6 peta-floating point operations per second (PFLOPS), 3,000 times faster than one of the most widely used commercial AI chips, Nvidia’s A100. The Chinese chip also consumes 4 million times less energy, researchers found. The A100 is subject to U.S. sanctions on China and is produced with advanced lithography machines to which China does not have access. The new chip was instead built by China’s Semiconductor Manufacturing International Corp (SMIC) using a cheap 20-year-old transistor fabrication process.

“The performance of the chip could be further optimized through improvements in the building process or by adopting more expensive fabrication processes under 100 nanometers,” the research team from Tsinghua University’s Automation and Electronic Engineering Departments wrote in the paper. Unlike semiconductor chips, photonic chips use the intrinsic physical properties of light by replacing transistors with ultramicroscopes and electrical signals with light signals. “Deployment of photonic computing systems used to be a challenge due to the complicated structural design and vulnerability to noise and system errors. The team introduced a computing framework that fuses photonic and analogue electronic computing,” it was explained on Tsinghua’s website. Using light signals also greatly increased energy efficiency and “the energy required to operate existing chips for an hour could power ACCEL for over 500 years”.

Its low power consumption may also help overcome the problem of heat dissipation, which currently complicates further miniaturizing integrated circuits. However, the chip’s analogue computing architecture limits its application to solving specific problems and it cannot run various programs or compress files like general computing chips in smartphones. The tasks it can perform include high-resolution image recognition, lowlight computation and

identifying traffic, according to Tsinghua's website. It also has certain advantages when it comes to AI vision because passive light from the environment carries information itself allowing it to compute directly during the sensing process, the South China Morning Post reports.

90% of foreign companies expect their profits to remain stable or increase in China

Nearly 90% of foreign companies expect their profits to remain stable or increase in China over the next five years, with a large number of them identifying technological innovation as the primary growth opportunity in the Chinese market, according to a survey conducted by the China Council for the Promotion of International Trade (CCPIT) involving 700 foreign companies. Over 80% of respondents were satisfied with China's business environment in the third quarter of 2023, and about 80% anticipate that their profits will remain stable or improve in 2023. Though the global investment sentiment remains subdued, foreign enterprises have sufficient confidence in investing in China, said Zhang Xin, Spokesman for the Beijing-headquartered CCPIT. "Regarding development opportunities, foreign firms have consistently believed that technological innovations are the most significant growth opportunities in the Chinese market for three consecutive quarters," he said, noting that about half of them have expressed an interest in increasing investment in China's western region.

China's peaceful and huge market, as well as its latest move to implement measures to broaden market access for global investors in several key areas, including the relaxation of restrictions on foreign investment in listed companies, will offer multinational corporations more growth opportunities, said Chang Xiuze, Professor of Economics at the Academy of Macro-economic Research in Beijing. Fueled by China's pool of talent and industrial upgrade, foreign businesses operating in China, especially manufacturers, will continue to establish digitally empowered factories, adding innovation hubs and strive to expand their market share in various sectors, such as automotive, logistics, retail, green technology and high-end manufacturing, he said. Foreign direct investment (FDI) in China's manufacturing sector amounted to CNY262.4 billion between January and September, a 2.4% increase on a yearly basis, with high-tech manufacturing seeing a growth of 12.8% year-on-year, data from the Ministry of Commerce (MOFCOM) showed. Foreign companies surveyed by the CCPIT expressed the hope that the Chinese government will take steps to ensure the stability of the country's supply and industrial chains, enhance its industrial support capabilities and clustering effects, and bolster the continuity and stability of policies that assist businesses in times of need.

Zhao Jinping, former Director of the Department of Foreign Economic Relations at the Development Research Center of the State Council, said that for many global business leaders, there has been a significant shift in traditional perceptions about the business environment in China. "They no longer simply expect the government to provide good services. Rather, they now seek government support

to facilitate their innovation activities and gain access to sectors previously restricted to them," he said, as reported by the China Daily.

Shenzhen announces plan to attract talent from around the world

In a bid to strengthen its position as a global innovation hub, the city of Shenzhen in Guangdong province unveiled a 30-point plan to attract top talent from around the globe. The plan encompasses a wide range of initiatives and incentives to foster an ecosystem that encourages entrepreneurship, research and technological advancements. Top talent that settles in Shenzhen will be provided with a "policy package" including career platforms, research funds, team support and living subsidies if they work in fields such as integrated circuits, artificial intelligence (AI), biomedicine, new energy vehicles (NEVs), new energy storage, high-end equipment, marine industry, the low-altitude economy or new materials. The plan introduced a "dreams come true in Shenzhen project", together with a "dream startup fund", to match the city's goal of "providing everyone with an opportunity to shine in life". "Through open recruitment, a batch of talent dream projects will be selected each year to receive financial support. Project selection is not limited to any specific industry or level, and there are no barriers or prerequisites as Shenzhen aims to become a desirable destination, a gathering place, and a land of dreams for talent from all fields," according to the plan.

To cultivate an innovation culture that embraces and fosters tolerance of failures, Shenzhen will establish a talent utilization mechanism based on trust that allows for mistakes to be made. **Shenzhen will give full authority to top scientists to make decisions** regarding personnel, financial and material resources, technological directions, internal organization and talent, the plan added. Wei Jianzhang, Vice President of the Belt and Road Initiative's International Cooperation and Development Research Institute in Shenzhen, said Shenzhen's new plan demonstrates the city's unwavering commitment to attracting global talent and fostering a thriving innovation ecosystem.

"Attracting top talent from around the globe is essential for the development of a city as it fuels innovation, drives economic growth, promotes knowledge exchanges, enhances global competitiveness, retains local talent and enriches the cultural fabric of the city," said Wei, adding that in today's interconnected world, cities compete globally for investment, resources and talent, and by attracting top talent a city can enhance its competitiveness on the global stage and appeal for further investment and collaboration, the China Daily reports.

LONGi solar cell sets new efficiency record

China's solar energy firm LONGi announced that it has set a new world record of 33.9% for the efficiency of crystalline silicon-perovskite tandem solar cells, indicating that China is once again leading the world in the

field of solar cells due to its green development push. “The conversion efficiency of photovoltaic (PV) cells is a key indicator for evaluating the potential of PV technology. The higher efficiency of crystalline silicon-perovskite tandem solar cells means more power generation from the same area while absorbing the same amount of light,” said Li Zhenguo, Founder and President of LONGi. The new world record is the first to be broken by a Chinese company since the efficiency of crystalline silicon-perovskite tandem solar cells was recorded in 2016, according to the company’s statement sent to the Global Times. King Abdullah University of Science and Technology from Saudi Arabia set the previous solar cell efficiency record at 33.7% in May this year.

Jiang Hua, Deputy Secretary General of the China Photovoltaic Industry Association, noted that as cost reduction and high efficiency are the core of PV industry development, **the continuous improvement of the conversion efficiency of solar cells is one of the effective means to reduce the cost of electricity.** “Once the high-efficiency cell technology realizes mass production, it will cut the cost of photovoltaic power generation, which is favorable for promoting the Chinese and global photovoltaic market growth, so as to drive the whole energy change and transformation,” Jiang noted. Every 1% increase in the conversion efficiency of crystalline silicon cells can bring about a more than 4% reduction in product cost, significantly reducing the cost of PV power generation. In terms of 240 gigawatts of new global installed capacity in 2022, a 0.01% efficiency improvement can generate 140 million kilowatt-hours of electricity per year and save 1.1 million square meters of installation area.

“China’s photovoltaic products, including polysilicon and solar power modules, account for more than 80% of the global market share. With the improvement of cell efficiency, China’s solar power products will become more competitive in the global market, which will also contribute more scientific and technological power to the achievement of the dual-carbon goal of the world,” Xu Xixiang, Chief Scientist of LONGi, told the Global Times. In November 2022, the company also set a new efficiency record at 26.81% for silicon solar cells, fully demonstrating the scientific and technological strength of China’s PV enterprises in silicon solar cell manufacturing. According to the National Energy Administration (NEA), in the first three quarters, the country’s new PV installed capacity reached 128.94 million kilowatts, up 145% year-on-year. The PV power generation capacity stood at 436.9 billion kilowatt-hours, up 33% on a yearly basis, the Global Times reports.

Factory activity unexpectedly down in October

China’s official manufacturing purchasing managers’ index (PMI) fell to 49.5 in October, down from 50.2 in September, with analysts pointing to weak exports and profit pressure. Within the official manufacturing PMI, the new-orders subindex dropped to 49.5, from 50.5 a month earlier, while the new-export-orders subindex fell to 46.8 from 47.8 in September. “Manufacturing activity fell back into contractionary territory after a temporary reprieve last

month. Global demand for exports remained weak as the gauge for new export orders fell deeper into contraction again,” said Erin Xin and Jing Liu, Greater China Economists at HSBC. “Exports weakness is likely to continue to be a drag on China’s export sector for some time as other central banks keep restrictive monetary policy in place.” Meanwhile, the Caixin/S&P Global manufacturing PMI fell to 49.5 in October from 50.6 in September, marking the first contraction since July. “The Caixin manufacturing PMI declined under 50 in October, mirroring the change in the official manufacturing index. Taken together, the average of the two is consistent with a renewed deterioration in factory activity last month,” said Julian Evans-Pritchard and Sheana Yue, China Economists at Capital Economics.

China’s official non-manufacturing PMI stood at 50.6 in October, compared with 51.7 in September, and the main drag stemmed from weak capital market and real estate services, according to analysts. Within the non-manufacturing PMI, the construction subindex, partly affected by the ongoing property crisis, stood at 53.5, down from 56.2 in September. “According to the accompanying statement, most of the decline can be attributed to further weakness in the real estate and capital market services sectors,” added Evans-Pritchard and Yue at Capital Economics. The Caixin/S&P Global services PMI rose to 50.4 in October from September’s nine-month low of 50.2, although the pace of expansion remained much slower than the average in the first half of the year. “The average of the two services PMIs fell to a 10-month low of 50.3, well below its 2019 average of 52.8, and consistent with a further loss of momentum in the sector last month.”

The official composite PMI, which includes both manufacturing and services, fell to 50.7, down from 52 in September. Meanwhile, Caixin/S&P’s composite PMI declined to 50 from 50.9 in September, marking the lowest reading since December 2022. “The PMI surveys were unexpectedly weak across the board, with the composite measure falling to its lowest in eight years outside of Covid lockdowns,” added Evans-Pritchard and Yue at Capital Economics. “If the hard data released later this month are similarly weak, more will need to be done to ensure the recovery doesn’t slide backwards,” they added. China’s recent issuance of CNY1 trillion of sovereign bonds “will help to provide countercyclical support”, according to Xin and Liu at HSBC. “The PMI readings show that the recovery still faces pressure, which has also been reflected in the labor market as the gauges for employment remained in contraction in October,” they added. “This will likely prompt policymakers to maintain an easing bias to support growth through both monetary and fiscal policy.” On the monetary front, Xin and Liu expect a 50-basis-points cut to the reserve requirement ratio (RRR) by the end of the year to help provide liquidity support amid an influx of government bond issuance in the fourth quarter, the South China Morning Post reports.

China’s 31 provincial-level regions have released their economic growth figures for the first nine months. Seventeen areas outperformed the national growth rate of 5.2% year-on-year in the first three quarters, with Tibet, Hainan and Inner Mongolia registering 9.8%, 9.5% and 7.2%, respectively. During the January-September period, 11 regions including Sichuan and Hubei provinces and

Chongqing reported higher GDP growth rates than in the first half of the year. A total of 13 provinces and regions saw their GDP exceed CNY3 trillion in the first nine months, with GDP of Guangdong and Jiangsu surpassing CNY9 trillion in the first three quarters. Ye Yindan, Researcher at the Bank of China Research Institute, said he expects China's GDP to grow around 5.7% in the fourth quarter, with a full-year GDP growth of around 5.3% in 2023, the China Daily adds.

Anhui's capital Hefei turning into an R&D powerhouse

Known for its science and technology strengths, Hefei in Anhui province saw its research and development (R&D) investment increase to a historical high last year, according to the local government. The city's R&D expenditure grew by 19% year-on-year, reaching CNY47 billion last year, according to statistics by the Hefei Bureau of Science and Technology. The ratio of R&D expenditure in comparison with the gross domestic product (GDP), known as R&D intensity, stood at 3.91%, significantly higher than the national average. "The ratio evaluates a region's science and technology strengths and how much importance the local authorities attach to innovation," said Dai Bing, Deputy Director of the Bureau. The city spent CNY7.9 billion on fundamental research, CNY5.7 billion on applied research and CNY33.4 billion on trials and tests last year.

The nation as a whole spent CNY3.08 trillion last year on R&D, an increase of 10.1% year-on-year, as the country remains steadfast in stepping up investment in

fundamental research and striving for breakthroughs in crucial technologies, according to the National Bureau of Statistics (NBS) in September. The national R&D intensity for the year was 2.54%, while seven provincial-level regions saw their ratios exceed the national average – Beijing hit 6.83%, Shanghai reached 4.44%, Tianjin 3.49%, Guangdong province was at 3.42%, Jiangsu at 3.12%, Zhejiang at 3.11% and Anhui came in at 2.56%.

The year's R&D expenditure by the city of Hefei accounted for 40.7% of Anhui province's total. In recent years, Hefei has risen to become one of the country's most important science centers and manufacturing hubs. With a plethora of scientific institutes, including the University of Science and Technology of China, the city received approval from the central authorities in 2017 to build the Hefei Comprehensive National Science Center, one of four in the country. "As much as 18% of the city's fiscal expenditure went to science and technology sectors in 2022," said Dai.

The province arranged nearly CNY1 billion in funds for the Institute of Health and Medicine, which was established in 2021 as several institutes under the Hefei Comprehensive National Science Center, for operations in 2022 and 2023. More than CNY638 million for the institute will be covered by the Hefei government. Authorities at the institute said more than half of its funding had been assigned to support R&D and they are aiming to attract more talent from around the world. "Thanks to the city's continuous investment in science and technology, Hefei has become a powerhouse in many scientific areas, especially in quantum information, nuclear fusion energy and deep space exploration research," said Dai. He expects that the number of high-tech companies in the city will surpass 8,200 by the end of this year, the China Daily reports.

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